



**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
-----------------	-------------	----------------------	---------------------

09/228,909 01/11/99 KOHLS

L 98/24

EXAMINER

LM71/0919

PHILIP KOENIG
P.O. BOX 980
WINCHESTER MA 01890

KANG, R
ART UNIT PAPER NUMBER

2765
DATE MAILED:

09/19/00

*restart period for
response*

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks



UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
-----------------	-------------	----------------------	---------------------

09/228,909 01/11/99 KOHLS L 98/24

PHILIP KOENIG
PITTAS KOENIG
165 WASHINGTON STREET
WINCHESTER MA 01890

LM02/0517

EXAMINER

KANDOF, P

ART UNIT

PAPER NUMBER

2765

DATE MAILED:

05/17/00

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.
09/228,909

Applicant(s)

Kohls

Examiner

Pedro R. Kanof

Group Art Unit

2765



☒ Responsive to communication(s) filed on Jan 11, 1999

☐ This action is **FINAL**.

☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire three month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

Disposition of Claims

☒ Claim(s) 1-34 is/are pending in the application.

Of the above, claim(s) _____ is/are withdrawn from consideration.

☐ Claim(s) _____ is/are allowed.

☒ Claim(s) 1-34 is/are rejected.

☐ Claim(s) _____ is/are objected to.

☐ Claims _____ are subject to restriction or election requirement.

Application Papers

☒ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☐ The drawing(s) filed on _____ is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on _____ is ☐ approved ☐ disapproved.

☐ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been

☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

☒ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). 2 and 3

☐ Interview Summary, PTO-413

☒ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

--- SEE OFFICE ACTION ON THE FOLLOWING PAGES ---

Art Unit: 2765

DETAILED ACTION

Claim Rejections - 35 USC § 102

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

2. Claims 1-3 and 9 are rejected under 35 U.S.C. 102(b) as being anticipated by Lancaster (WO 97/30407).

Claim 1: Lancaster discloses a trading system that employs a trading instrument having a fixed face value and two opposing sides that represent mutually exclusive outcomes regarding the subject matter of the trading instrument (Page 1, lines 10-25), the trading system (Page 1, line 32) comprising a host computer (Page 1, line 32), a plurality of remote terminal, and telecommunications means connecting the host computer and the remote terminals and enabling the transmission of data to and from the host computer and each of the remote terminals (Page 1, line 33).

Claim 2: Lancaster discloses the trading system of claim 1 wherein the host computer comprises database (Financial package contracts) means for maintaining a list of bids received by the host computer from users of the remote terminals, including for each bid thus received a

Art Unit: 2765

registration of attributes including a specified trading instrument, a selected side of the trading instrument, a price, a trading instrument quantity, and a time-stamp (Page 4, lines 12-16).

Claim 3: Lancaster discloses the trading system of claim 1 further comprising means for using the remote terminals to submit to the host computer bid orders that specify selected attributes including a selected side of a trading instrument, a price per unit of the trading instrument, and a selected quantity of units of the trading instrument (Page 2, lines 2-3).

Claim 9: Lancaster discloses the trading system of claim 2 wherein selected bid attributes maintained on the list of bids is accessible to all users of the remote computers on an equal basis (Page 11, lines 23-30 and page 15, lines 3-8).

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

EWS
4. Claims 4-8 and 10-³⁴~~123~~ are rejected under 35 U.S.C. 103(a) as being unpatentable over Lancaster (WO 97/30407) in view of Midorikawa et al. (U.S. Patent No. 5,832,462).

5. Claim 4: Lancaster discloses a trading system comprising a host computer, a plurality of remote terminal, and telecommunications means connecting the host computer and the remote

Art Unit: 2765

terminals and enabling the transmission of data to and from the host computer and each of the remote terminals, as discussed above in claim 2. However, Lancaster does not explicitly disclose wherein the host computer comprises means for comparing bids received by the host computer that specify one side of a trading instrument with other bids received by the host computer that specify the opposing side of the same trading instrument, and determining whether the price and quantity attributes specified in two such opposing bids are complementary in accordance with specified criteria. Midorikawa discloses such step (Fig. 1, 120-1, 120-2 and 120-3, and Fig. 3). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means for comparing bids received by the host computer that specify one side of a trading instrument with other bids received by the host computer that specify the opposing side of the same trading instrument, and determining whether the price and quantity attributes specified in two such opposing bids are complementary in accordance with specified criteria. One would have been motivated to use the step of comparing bids received by the host computer that specify one side of a trading instrument with other bids received by the host computer that specify the opposing side of the same trading instrument, and determining whether the price and quantity attributes specified in two such opposing bids are complementary in accordance with specified criteria in order to extend the system's application.

Claim 5: Lancaster discloses a trading system comprising a host computer, a plurality of remote terminal, and telecommunications means connecting the host computer and the remote

Art Unit: 2765

terminals and enabling the transmission of data to and from the host computer and each of the remote terminals, as discussed above in claim 2. However, Lancaster does not explicitly disclose wherein the host computer comprises means for declaring a matched trade upon receipt by the host computer of a first bid specifying a side of a trading instrument and a price per unit and the subsequent receipt by the host computer of a second bid specifying the opposing side of the contract and a price per unit, where the sum of the prices per unit specified in the first bid and the second bid are in the aggregate at least equal to the face value of the trading instrument.

Midorikawa discloses such step (Fig. 8). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means for declaring a match trade upon receipt by the host computer of a first bid specifying a side of a trading instrument and a price per unit and the subsequent receipt by the host computer of a second bid specifying the opposing side of the contract and a price per unit, where the sum of the prices per unit specified in the first bid and the second bid are in the aggregate at least equal to the face value of the trading instrument. One would have been motivated to use such a step in order to extend the system's application.

Claim 6: Lancaster discloses a trading system comprising a host computer, a plurality of remote terminals, and telecommunications means connecting the host computer and the remote terminals and enabling the transmission of data to and from the host computer and each of the remote terminals, as discussed above in claim 2. However, Lancaster does not explicitly disclose wherein the host computer comprises means for establishing accounts for users of the remote

Art Unit: 2765

terminals in which accounts the users may deposit funds from their remote terminals, and the host computer further comprises means for automatically reserving or withdrawing from the account of any the user the value of any bid submitted by the user to the host computer. Midorikawa discloses such step (Col.2, lines 54-65). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means for establishing accounts for users of the remote terminals in which the users may deposit funds from their remote terminals, and the host computer further comprises means for automatically reserving or withdrawing from the account of any user the value of any bid submitted by the user to the host computer. One would have been motivated to use such step in order to extend the system's application.

Claim 7: Lancaster and Midorikawa disclose the trading system of claim 6. Lancaster further discloses wherein the account of any user whose trades have resulted in a net gain is automatically credited by the host computer with the amount of said net gain (Page 5, lines 28-29).

Claim 8: Lancaster and Midorikawa disclose the trading system of claim 6. Lancaster further discloses wherein the host computer comprises means for immediately clearing and settling any matched trades (Page 9, lines 30-35 and page 10, lines 1 and 2).

Claim 10: Lancaster and Midorikawa disclose the trading system of claim 4. Lancaster further discloses wherein the host computer comprises means for assigning a time-stamp to each

Art Unit: 2765

bid on receipt of the bid, and when declaring a matched trade preferentially selects that matching bid having the earliest time-stamp (Page 9, lines 30-35).

Claim 11: Lancaster discloses a trading system comprising:

a) a trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes (Page 1, lines 10-25),

b) means for traders to submit bids to purchase, at a price per trading instrument unit less than the face value, one unit of either side of the trading instrument (Page 11, lines 31-35 and page 12, lines 1-16)

However, Lancaster does not explicitly disclose means for comparing bids submitted to the trading system, means for declaring a matched trade when a first bid submitted on one of the sides specifies a price that, added to the price specified in a second bid submitted on the opposing side, at least equals the face value, and means for determining that one of the two sides of the trading instrument is the prevailing side.

Midorikawa discloses such steps:

c) means for comparing bids submitted to the trading system (Figs. 1 and 2),

d) means for declaring a matched trade when a first bid submitted on one of the sides specifies a price that, added to the price specified in a second bid submitted on the opposing side, at least equals the face value (Col. 2, lines 66-67 and Col. 3, lines 1-13), and

e) means for determining that one of the two sides of the trading instrument is the prevailing side (Col. 3, lines 14-20).

Art Unit: 2765

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means to compare bids submitted to the trading system, means for declaring a matched trade when a first bid submitted on one of the sides specifies a price that, added to the price specified in a second bid submitted on the opposing side, at least equals the face value, and means for determining that one of the two sides of the trading instrument is the prevailing side. One would have been motivated to use such step in order to facilitate the communication between the system's users.

Claim 12: Lancaster and Midorikawa disclose the trading system according to claim 11. Midorikawa also discloses wherein the face value is payable to the holder of each trading instrument unit specifying the prevailing side (Col. 3, lines 39-52). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include the step in which the face value is payable to the holder of each trading instrument unit specifying the prevailing side. One would have been motivated to use such step in order to extend the system's application.

Claim 13: Lancaster and Midorikawa disclose the trading system according to claim 11. Midorikawa also discloses means for associating a receipt time-stamp with each bid received in the system, and wherein the means for declaring a matched trade comprises means for preferentially matching, among bids on the same side that specify the same price, the bid having the earlier time-stamp (Col. 4, lines 6-24). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include means for associating a

Art Unit: 2765

receipt time-stamp with each bid received in the system, and wherein the means for declaring a matched trade comprises means for preferentially matching, among bids on the same side that specify the same price, the bid having the earlier time-stamp. One would have been motivated to use such step in order to extend the system's application.

Claim 14: Lancaster and Midorikawa disclose, as discussed above in Claims 3-5, a trading method that employs a trading instrument having a fixed face value and two opposing sides that represent mutually exclusive outcomes, comprising the following steps:

- a) soliciting bids to purchase, at prices per trading instrument unit less than said face value, units of either side of the trading instrument (see Claim 3),
- b) comparing bids received (see Claim 4), and
- c) declaring a matched trade when the price of a first bid specifying one of the sides, added to the price of a second bid specifying the opposing side, at least equals the face value (see Claim 5).

Claim 15: Lancaster and Midorikawa disclose the trading method of claim 14.

Midorikawa also discloses the step of determining that a side of the trading instrument is the prevailing side (Col. 3, lines 14-20).. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to determine that a side of the trading instrument is the prevailing side. One would have been motivated to use such step in order to facilitate the system's transactions.

Art Unit: 2765

Claim 16: Lancaster and Midorikawa disclose the trading method of claim 15. Midorikawa also discloses the step of paying the face value to holders of each trading instrument unit that specifies the prevailing side (Col. 3, lines 39-52). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to pay the face value to holders of each trading instrument unit that specifies the prevailing side. One would have been motivated to use such step in order to facilitate the system's transactions.

Claims 17 and 27: Lancaster discloses a trading method and system conducted over a telecommunications network comprising a host computer, a plurality of remote terminals, and telecommunications means connecting the host computer and the remote terminals and enabling the transmission of data to and from the host computer and each of the remote terminals, the method comprising the following steps:

a) dissemination by the host computer to the remote terminals, for bidding thereon by users of the remote terminals, of a trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes regarding the subject matter of the trading instrument (Page 1, lines 19-34).

However, Lancaster does not explicitly disclose:

b) receiving in the host computer a plurality of bids entered from the remote terminals, each of the bids specifying a selected one of the two sides of the contract and also specifying a price per unit of the trading instrument for the purchase of one unit of the trading instrument,

Art Unit: 2765

c) the host computer declaring a matched trade upon receiving a first bid specifying one side of the trading instrument and a second bid specifying the opposing side of the instrument, where the sum of the prices per unit specified in the first bid and the second bid at least equals the face value.

Midorikawa discloses such steps:

b) receiving in the host computer a plurality of bids entered from the remote terminals, each of the bids specifying a selected one of the two sides of the contract and also specifying a price per unit of the trading instrument for the purchase of one unit of the trading instrument (Col. 2, lines 38-44),

c) the host computer declaring a matched trade upon receiving a first bid specifying one side of the trading instrument and a second bid specifying the opposing side of the instrument, where the sum of the prices per unit specified in the first bid and the second bid at least equals the face value (Col. 2, lines 45-53).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means for receiving in the host computer bids from the terminals in which is selected one of the two sides of the contract and also specifying a price per unit of the trading instrument for the purchase of one unit of the trading instrument and to match a first bid specifying one side and a second bid specifying the opposing side where the sum of the prices per unit specified in the first bid and the second bid at least

Art Unit: 2765

equals the face value. One would have been motivated to use such step in order to facilitate the communication between the system's users.

Claim 18: Lancaster and Midorikawa disclose the method of claim 17. Midorikawa also discloses wherein the trading instrument concerns an event having a termination point pursuant to pre-established criteria whereupon a side of the trading instrument will determinably be the prevailing side and the opposing side will determinably be the losing side (Col. 2, lines 54-65). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include the step wherein the trading instrument concerns an event having a termination point pursuant to pre-established criteria whereupon a side of the trading instrument will determinably be the prevailing side and the opposing side will determinably be the losing side. One would have been motivated to use such step in order to increase the transparency of the system.

Claim 19: Lancaster and Midorikawa disclose the method of claim 18. Lancaster also discloses the step requiring each user of the remote terminals, prior to entering any bid to the host computer, to establish an account and deposit funds in the account (Page 5, lines 21-24).

Claim 20: Lancaster and Midorikawa disclose the method of claim 19. Lancaster also discloses the step that, upon receipt by the host computer of any bid from a remote terminal, funds sufficient to cover the bid are withdrawn from the account established by the user entering the bid (Page 7, lines 26-30)..

Art Unit: 2765

Claim 21: Lancaster and Midorikawa disclose the method of claim 18. Lancaster also discloses the step, upon the termination of the event, of paying holders of trading instruments specifying the side determined to be the prevailing side an amount equal to the face value for each unit of such trading instruments (Page 7, lines 31-36 and page 8, lines 1-3).

Claim 22: Lancaster and Midorikawa disclose the method of claim 21. Lancaster also discloses the step wherein the payment is made automatically by the host computer to the account of each of the holders of trading instruments specifying the side determined to be the prevailing side (Page 8, lines 3-19).

Claim 23: Lancaster and Midorikawa disclose the method of claim 20. Lancaster also discloses the steps that, at any point prior to the termination of the event, the account of any of the users who then holds an equal number of trading instruments on each of its two opposing sides may automatically be credited by the face value multiplied by the equal number of trading instruments, and automatically debited by the aggregate amounts bid by the user to purchase all of the trading instruments, less any amounts previously withdrawn or reserved from the account with respect to the trading instruments (Page 8, lines 20-35 and page 9, lines 1-5).

Claim 24 and 25: Lancaster and Midorikawa disclose the method of claim 17. Lancaster also discloses the steps that the host computer maintains a current list of all active bids received by the host computer regarding the trading instrument, including the side, price and quantity of trading instrument units specified in each bid on the list, and also including a receipt time-stamp (Page 4, lines 12-16).

Art Unit: 2765

Claim 26: Lancaster and Midorikawa disclose the method of claim 25. Lancaster also discloses the step that, in the event the host computer determines that a newly received bid may be matched with more than one earlier-received opposing bid, the host computer effects a matched trade first, with that opposing bid having the earliest time-stamp (Page 12, lines 30-35).

Claim 28: Lancaster discloses a trading method conducted over a telecommunications network comprising a host computer, a plurality of remote terminals, and telecommunications means connecting the host computer and the remote terminals and enabling the transmission of data to and from the host computer and each of the remote terminals, the method comprising the following steps:

a) booking on a first bid list, in a priority sequence according to a predetermined program, unfilled bids including associated price and lot quantity parameters received on one side of the trading instrument (Page 9, line 30-35).

However, Lancaster does not explicitly disclose:

b) booking on a second bid list, in the priority sequence according to a predetermined program, unfilled bids including associated price and lot quantity parameters received on the other side of the trading instrument,

c) comparing in the priority sequence the price and lot quantity parameters of each of the unfilled bids booked on the first bid list with the price and lot quantity parameters of the unfilled bids on the second bid list,

Art Unit: 2765

d) transacting the received bid on the first bid list with the highest priority bid or bids on the complementary list if the bid can be matched against one or more bid orders on the complementary bid order list, and

e) placing the untransacted portion of the incoming bid order on the corresponding one of the list in a priority sequence (according to the corresponding one of the predetermined programs) if the incoming bid order cannot be completely matched against any bid order or orders on the complementary bid order list.

Midorikawa discloses such steps:

b) booking on a second bid list, in the priority sequence according to a predetermined program, unfilled bids including associated price and lot quantity parameters received on the other side of the trading instrument (Col., lines 21-38),

c) comparing in the priority sequence the price and lot quantity parameters of each of the unfilled bids booked on the first bid list with the price and lot quantity parameters of the unfilled bids on the second bid list (Col. 3, lines 53-58),

d) transacting the received bid on the first bid list with the highest priority bid or bids on the complementary list if the bid can be matched against one or more bid orders on the complementary bid order list (Col. 3, lines 14-34), and

e) placing the untransacted portion of the incoming bid order on the corresponding one of the list in a priority sequence (according to the corresponding one of the predetermined programs)

Art Unit: 2765

if the incoming bid order cannot be completely matched against any bid order or orders on the complementary bid order list (Col. 3, lines 34-52).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means for booking on a second bid list, comparing in the priority sequence, transacting the received bid, and placing the untransacted portion on the corresponding one of the list in a priority sequence. One would have been motivated to use such step in order to increase the facilities for the end users.

Claim 29: Lancaster and Midorikawa disclose a method according to claim 28. Midorikawa also discloses the step that incoming bids are time-tamped on receipt by the host (Col. 3, lines 59-67 and Col. 4, lines 11-17). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include the step that incoming bids are time-tamped on receipt by the host. One would have been motivated to use such step in order to increase the transparency of the system.

Claim 30: Lancaster and Midorikawa disclose the method according to claim 29. Midorikawa also discloses the step in which the bids are booked in a priority sequence in order of time-stamp receipt (Col. 6, lines 8-19). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include the step in which the bids are booked in a priority sequence in order of time-stamp receipt. One would have been motivated to use such step in order to increase the transparency of the system.

Art Unit: 2765

Claims 31 and 32: Lancaster discloses a bid-matching system for use in trading a plurality of trading instruments, each of the trading instruments having a preset fixed value and two opposing sides, wherein bids received by a host computer for each side of each trading instrument are automatically compared in order to automatically provide matching transactions and thereupon to establish trades in the trading instruments, the host computer comprising means for:

- a) communicating trading data to a trader display terminal (Page 1, lines 32-34),
- b) receiving bid orders from individual traders (Page 1, lines 22-23),
- c) attaching a time-stamp to each incoming bid (Page 4, lines 12-16),

However, Lancaster does not explicitly disclose matching complementary bids nor executing trades between matched bid orders. Midorikawa discloses such steps:

- d) matching complementary bids (Col. 6, lines 38-41, Col. 7 and Col. 8, lines 1-60), and
- e) executing trades between matched bid orders (Col. 6, lines 41-67).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to apply to the Lancaster's system means to match complementary bids and to execute trades between matched bid orders. One would have been motivated to use such steps in order to increase the efficiency of the system.

Claim 33: Lancaster and Midorikawa disclose the bid-matching system of claim 31. Lancaster also discloses the step wherein the host computer further comprises means for establishing and maintaining trader accounts (Page 47, lines 19-21).

Art Unit: 2765

Claim 34: Lancaster and Midorikawa disclose the trading system of claim 33. Lancaster also discloses the step wherein the host computer further comprises means for confirming, clearing and settling trades (Page 47, lines 22-31)..

Conclusion


5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. Pedro R. Kanof whose telephone number is (703) 308-9552. The examiner can normally be reached on weekdays from 6:30 a.m. to 3:00 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Mr. Allen R. MacDonald, can be reached on (703) 305-9708. The fax phone number for this Group is (703) 308-1396.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 305-3900.

PRK-4/26/00.


ERIC W. STAMBER
PRIMARY EXAMINER